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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D.C. 20505

National Intelligence Council

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20 November 1981

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

THROUGH: National Intelligence Officer for Warning

FROM: [REDACTED] 25X1
Assistant National Intelligence Officer for
Western Europe

SUBJECT: Monthly Warning Assessment: Western Europe

1. Spain: The trials and tribulations of the governing UCD party will continue to be the focus of attention in assessing the short-term prospects for political stability in Spain. The principal question is whether Prime Minister Calvo-Sotelo's actions forcing the resignations of the president and secretary general of the UCD and his own assumption of the party presidency -- in the wake of the withdrawal from the party of a former justice minister and some 14 deputies and senators -- form the basis for a more lasting solution to the tensions within the UCD or only establish a temporary truce between progressives and conservatives.

Much will depend on Calvo-Sotelo's willingness to adopt a less aloof operating style and seek alliances with others in the party. Former Prime Minister Adolfo Suarez, meanwhile, has resigned from the party's executive committee and, for the moment at least, is refraining from a more definitive break. In many ways, Suarez remains the key to the situation: if he saw the party moving further to the right, this could precipitate a break. Analysts do not believe that senior military elements are now engaged in serious coup plotting. [REDACTED] 25X1

[REDACTED] rather, the military can 25X1
still not be sure any attempted takeover would not be met with violent public reactions and, probably more important, the military has no alternative set of responses to Spain's problems.

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The Spanish Socialist Party remains optimistic about being voted into office at the elections which the Socialist leader believes will be held in the spring of 1982, and increased attention will have to be directed to the leadership abilities of the moderate Felipe Gonzalez, the make-up of the party, and its competence to govern. Analysts agree that Socialist attitudes may greatly depend on the kind of bargains that are worked out between the United States and Spain on the bilateral defense accord. The Socialist opposition in Spain will take advantage of any failure by Madrid to obtain a generous US agreement.

2. Western Europe - Turkey: Turkey's foreign economic assistance needs (despite improved economic prospects, it is estimated some \$900 million will be required next year) will continue to be hampered by West European dissatisfaction with the progress of restoring democracy. West German Foreign Minister Genscher's recent trip to Ankara apparently confirmed for Bonn the virtually total insensitivity of the Turkish military to the problems European governments have in voting aid for the military regime. The US will increasingly be asked by the Europeans to put pressure on Ankara to make gestures towards political liberalization.

3. West Germany/Brezhnev visit: German nervousness that Brezhnev will be able to spur the peace movement by surfacing a new propaganda initiative has been eased by President Reagan's announcement of the US proposals for the INF talks. Bonn has been playing down expectations of the Brezhnev visit, but nevertheless wants the Soviets to make some gesture -- perhaps with respect to repatriation of Volga Germans -- in order to satisfy domestic opinion in favor of keeping open a dialogue with Moscow. Schmidt will trumpet any such positive steps, but he will also forcefully reassert his government's commitment to the Allied position on INF. Schmidt will use the visit to shore up his domestic position by showing that the Social-Liberal coalition is still able to act on the international stage in an important way.

4. Greece: Papandreou has thus far proven astute in managing not to alienate his potential enemies at home. His economic and budgetary plans may carry a great potential for evoking opposition from left and right, but remain to be specified. Abroad, he is also keeping options open: publicizing the "Turkish threat," but privately expressing good will to Ankara; reasserting the need to remove nuclear weapons from Greece, but indicating no rush; not disavowing an intention to hold a referendum on EC membership, but suggesting that better terms within the EC are the priority; showing sympathy for Spanish Socialist opposition to Spain's entry into NATO, but also awareness that a negative Greek stance would damage Athens' relations with the Alliance. In sum, Papandreou has not yet taken the radical tack many had feared -- and his actions show recognition of the constraints on Greece -- but the US will doubtless face headaches as it becomes clearer how Papandreou will choose to link bilateral US-Greek defense issues, Athens' ties to NATO, settlement of the Cyprus question, and Greece's relations with Turkey.

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6. ✓UK - Prime Minister Thatcher: There is no prospect that the Tory government will fall before the next general election -- to be held by May 1984. There is a strong possibility that the Conservatives will lose the 26 November Crosby by-election, although there are differing views of the extent to which a loss in this normally safe seat would escalate party criticism of Mrs. Thatcher. It is difficult to imagine at this point any serious effort to displace Mrs. Thatcher as party leader and Prime Minister, but perceptions of potential electoral disaster cannot rule this out.

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